

## **REMARKS**

### **I. Status of the Application**

Claims **1, 17, and 53-78** are pending in this application, of which claims **1, 17, 53, and 65** are independent.

Claims **59** and **71** have been amended. Claims **2-16** and **18-52** were previously cancelled without prejudice or disclaimer. New claims **77-78** have been added.

Applicants respectfully contend that the Office Action's rejections of the pending claims contain clear legal and factual deficiencies. Reconsideration and further examination of the application is respectfully requested.

### **II. Rejections Under 35 U.S.C. § 112, Second Paragraph**

Claims 53-76 stand rejected under 35 U.S.C. § 112 ¶2 as being indefinite. (Although the Office Action asserts on ¶3 of page 2 that all of claims 53-76 were rejected under 35 U.S.C. § 112 ¶2, the Office Action does not provide any rationale for such rejection of claims 54, 56-57, 59-60, 63-64, 66, 68-69, and 71-72. Applicants assume such rejections were made in error. If the Examiner intends to make a rejection of these claims under § 112 ¶ 2, Applicants respectfully request that the Office Action specifically articulate the rejection and any reason(s) for such rejection.)

The proper inquiry under 35 U.S.C. § 112 ¶2 is whether the language of the claim is such that a person of ordinary skill in the art could “interpret the metes and bounds of the claim *so as to understand how to avoid infringement*.” MPEP § 2173.02 (emphasis added). In other words, “the examiner must consider the claim as a whole to determine whether the claim appraises one of ordinary skill in the art of its scope and, therefore, serves the notice function required by 35 U.S.C. § 112, second paragraph, by providing *clear warning to others as to what constitutes infringement of the patent*.” MPEP § 2173.02 (emphasis added).

Claims 53 and 65 recite “*determining, by the at least one processor, a respective number of units earned by the particular jockey in the horse race based at least in part on at least one of: the respective final position of the particular jockey in the horse race, and a unit distribution structure defining a distribution of units over a plurality of positions in the horse race.*” The Office Action asserts that “it is unclear how application’s proposed system is based upon only one of the enumerated factors when *both* factors are used to calculate points in the disclosed invention.” Office Action, p. 2.

As a preliminary matter, Applicants note that claims 53 and 65 do not recite “points” or “calculating points.” Further, the Examiner’s concern does not appear to raise any issue with respect understanding the metes and bounds of the claim so as to understand how to avoid infringement. The Examiner does not even assert that the recitation at issue presents a problem for understanding the metes and bounds of the claim. The Examiner raises issues here concerning “applicant’s proposed system” and the “disclosed invention” in the specification. However, the Examiner does not establish any connection between these issues and any problem in understanding the metes and bounds of the claim. Accordingly, the Examiner has not established a *prima facie* case of indefiniteness under 35 U.S.C. § 112 ¶2.

Regardless, Applicants submit that the scopes of these claims are readily apparent to one of ordinary skill in the art. The phrase “based at least in part on at least one of” make it clear that the “determining” action can be based on the first “factor,” the second “factor,” both the first “factor” and the second “factor” – i.e., the first and/or second “factor” – and other factors, provided the determining is based at least in part on the first and/or second “factor.” Accordingly, one of ordinary skill in the art would readily understand from the clear language of the claim that infringement cannot occur unless at least one of the two “factors” is present. Accordingly, to the extent that the Examiner’s comments raise any issue, they do not raise any issue with respect to understanding the metes and bounds of these claims so as to determine what constitutes infringement.

Furthermore, Applicants note that the originally filed Application includes a claim that explicitly recites only one “factor.” See claim 1, recitation 3 of the Application as filed. Accordingly, Applicants’ originally filed application does provide support and direction about a “determining” action based on one of the factors.

With respect to claims 55, 58, 67, and 70, the Office Action asserts that it is unclear whether recitations of ranges “between” two numbers includes the recited number. Applicants respectfully submit that one of ordinary skill in the art would understand that a range “between” two numbers includes all the numbers between the two numbers, but not the endpoint numbers themselves. As described in the Specification, endpoint values may be chosen “such that landing exactly on the index number is unlikely or impossible.” See published application at ¶ [0026].

With respect to claims 61 and 73, the Office Action asserts that it is unclear what it means to lock in a gain or loss in the context of pari-mutuel betting. Applicants respectfully submit that one of ordinary skill in the art, having read Applicants’ Specification, would understand how to “lock in a gain or loss.” For example, as described in Applicants’ Specification:

[0063] In addition, over/under index bets 82 may be structured such as to permit a client 20 to “cash out,” or request and receive a settlement payment for his or her bet after one or more of the plurality of events have occurred. This may allow a client 20 to limit his or her win/loss possibilities to take advantage of the results of events that have occurred. For example, if jockey Campbell (covered by an over/under index bet 82) were to win an early race on a longshot, the index number for a new over/under index bet 82 offered after the early race would be higher than that of the original over/under index bet 82. A client 20 who originally placed an over bet 82A on Campbell could capitalize on the movement of the index number by requesting to terminate his original bet and receive a settlement payment (i.e., “cashing out”). The settlement payment for client 20 may be determined based at least on the difference between the index number of the original over/under index bet 82 and the higher index number of the new over/under index bet 82 offered after the early race.

Published Application, ¶ [0063].

With respect to claims 62 and 74, the Office Action asserts that it is unclear what it means to cancel a bet in the context of a pari-mutuel betting scheme. Applicants respectfully submit that one of ordinary skill in the art, having read Applicants' Specification, would understand what it means to "cancel" a bet within the meaning of the claim. As described in Applicants' Specification:

[0034] To cash out an index bet 80, a client 20 may use any suitable betting system interface 14 to request that the index bet 80 be settled. Betting system platform 16 may receive the request, determine the appropriate settlement payment for the client 20, and cancel the original index bet 80. Betting system platform 16 may also cause the payment of the settlement payment to the client 20, such as by communicating a message to a teller 30 approving the payment of the settlement payment, for example.

For at least these reasons, Applicants respectfully request that the instant rejections under 35 U.S.C. § 112 ¶2 be withdrawn.

### **III. Rejections Under 35 U.S.C. § 102(e)**

The Office Action rejected claims 1 and 17 under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 7,172,508 ("Simon"). Claims 1 and 17 recite a "second bet that the total number of units earned by the particular participant in the plurality of events *will fall within a second range of numbers.*" In finding this recitation disclosed in Simon, the Office Action cites to the following passage of Simon:

Inning. The players 10 bet on the outcome of the half inning. A line 20 opens 22 at the end of the previous half inning, and subsequent lines 20 open 22 after the first and second outs are made. Lines 20 close 24 when the next line 20 opens 22. The basic choices are: (1) no runs; (2) one run; (3) two runs; and (4) more than two runs. Again, the choices could be elaborated significantly. The lines 20 terminate 26 at the end of the half inning. FIG. 8B is a block diagram representing a preferred embodiment of a hierarchical

parimutuel style payoff structure for a betting event based on the outcome of an inning of a baseball game.

Simon, col. 17, lines 13-23; *see also* FIG. 8B. More specifically, the Office Action argues that “second bets can be either bets that no runs, one run, two runs or three runs will be scored by the at bat team during half an inning; *see* Fig. 8b and col. 17, lines 13-23.”

Office Action, p. 4 (emphasis added). Accordingly, the Office Action asserts that the “second bet” of claims 1 and 17 can be any one of the following four bets on the number of a runs a team will score in a half inning: (1) 0 runs, (2) 1 run, (3) 2 runs, and (4) 3 runs.

However, none of these four bets concerns a “range of numbers.” Zero is not a range, and neither is 1, 2, or 3. Thus, none of the four bets cited by the Office Action is a “bet that the total number of units earned by the particular participant in the plurality of events *will fall within a second range of numbers*,” as recited in claims 1 and 17. Accordingly, the Examiner has not explained how Simon discloses a “second bet” as recited in claims 1 and 17, and thus has not established a *prima facie* case of anticipation of claims 1 and 17.

When a claim recites a limitation that is absent from the art, the claim is neither anticipated under 35 U.S.C. § 102(b) nor obvious under 35 U.S.C. § 103(a). *See, e.g.,* MPEP §§ 2131 and 2143.03; *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, (Fed. Cir. 1987) (“[a] claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.”). Accordingly, the Office Action fails to make a *prima facie* showing of anticipation of claims 1 and 17.

#### **IV. Rejections Under 35 U.S.C. § 103(a)**

The Office Action rejected claims 53, 55-58, 60, 61, 63-65, 67-70, 72, 73, 75, and 76 under 35 U.S.C. § 103(a) as being obvious over Simon in view of U.S. Patent Publication No. 2003/0199315 (“Downes”) and no-patent literature available at [http://en.wikipedia.org/wiki/List\\_of\\_Formula\\_One\\_World\\_Championship\\_points\\_scoring](http://en.wikipedia.org/wiki/List_of_Formula_One_World_Championship_points_scoring)

systems (“F1 Championship Scoring”). The Office Action rejected claims 54, 59, 66, and 71 under 35 U.S.C. § 103(a) as being obvious over Simon, Downs, F1 Championship Scoring, and further in view of U.S. Patent Publication No. 2002/0115488 (“Berry”). This rejection fails for reasons similar to those discussed above for claims 1 and 17.

Claims 53 and 65 recite a “first type of bet compris[ing] a bet that a total number of units earned by the particular jockey in the plurality of horse races *will fall within the first range of numbers*” and a “second type of bet compris[ing] a bet that the total number of units earned by the particular jockey in the plurality of horse races *will fall within the second range of numbers*.” The Office Action generally asserts that Simon discloses these features:

Regarding claims 53 and 65, Simon discloses . . . offering at least two types of bets based upon the score achieved during the plurality of bets (first type of bets are bets that one team will score more than three runs in an inning; the plurality of contests are at bats and outs that take place within the half inning; see Fig. 8b and col. 17, lines 13-23).

Office Action, pp. 6-7, citing Simon, FIG. 8B and col. 17, lines 13-23 (quoted above). Here, the Office Action asserts that Simon’s bet on “more than three runs in an inning” discloses the “*first type of bet*” and “*first range of numbers*” recited in claims 53 and 65.

An explanation concerning the “*second type of bet*” respecting a “*second range of numbers*” does not follow this discussion, and is conspicuously absent from the Office Action. After mentioning the “*first type of bets*,” the Office Action fails to mention anything about the recited “*second type of bet*” respecting a “*second range of numbers*.” Rather, on this point, the Office Action simply argues that Simon discloses “offering at least two types of bets based upon the score achieved during the plurality of bets.” Even if true, claims 53 and 65 do not recite “two types of bets based upon the score;” rather, they recite a “first type of bet” respecting a “first range of numbers” and a “second type of bet” respecting a “second range of numbers.” The Office Action is utterly silent about the “second range,” and does not point to any bet or feature in Simon that discloses a “*second*

type of bet” respecting a “*second* range of numbers.” The Office Action simply fails to provide any explanation about how Simon – or any other reference – discloses or suggests a “second range of numbers.”

When a claim recites a limitation that is absent from the art, the claim is not obvious under 35 U.S.C. § 103(a). *See, e.g.,* MPEP §2143.03; *Motorola v. Interdigital Technology Corp.*, 121 F.3d 1461, 1466-67, 43 USPQ2d 1490, 1490-91 (Fed. Cir. 1997) (reversing a jury verdict of obviousness because an element was not taught in the particular art relied upon, even though that element was known elsewhere). Accordingly, the Office Action fails to make a *prima facie* showing of obviousness of claims 53 and 65.

### **General Comments on Dependent Claims**

Since each of the dependent claims depends from a base claim that is believed to be in condition for allowance, Applicants believe that it is unnecessary at this time to argue the allowability of each of the dependent claims individually. However, Applicants do not necessarily concur with the interpretation of the dependent claims as set forth in the Office Action, nor do Applicants concur that the basis for the rejection of any of the dependent claims is proper. Therefore, Applicants reserve the right to specifically address the patentability of the dependent claims in the future, if deemed necessary.

### **Authorization for Email Communication**

Recognizing that Internet communications are not secure, Applicant hereby authorizes the USPTO to communicate with any authorized representative concerning any subject matter of this application by electronic mail. Applicant understands that a copy of these communications will be made of record in the application.

### **CONCLUSION**

In general, the absence of a reply to a specific rejection, issue or comment does not signify agreement with or concession of that rejection, issue or comment. In addition, because the arguments made above may not be exhaustive, there may be reasons for patentability of any or all pending claims (or other claims) that have not been expressed. Finally, nothing in this paper should be construed as an intent to concede any issue with regard to any claim, except as specifically stated in this paper, and the amendment of any claim does not necessarily signify concession of unpatentability of the claim prior to its amendment.

In view of the foregoing amendments and remarks, Applicants respectfully submit that the application is in condition for allowance, and such action is respectfully requested at the Examiner's earliest convenience.

It is not believed that extensions of time or fees for net addition of claims are required beyond those that may otherwise be provided for in this paper or documents accompanying this paper. However, if additional extensions of time are necessary to prevent abandonment of this application, then such extensions of time are hereby petitioned under 37 C.F.R. § 1.136(a), and any fees required therefor (including fees for net addition of claims) are hereby authorized to be charged to Deposit Account No. 50-3938. Applicants' undersigned attorney can be reached at the address shown below. All telephone calls should be directed to the undersigned at (212) 294-8055.

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Respectfully submitted,

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